

OUACHITA COUNCIL OF GOVERNMENTS

**Financial Statements
For the Year Ended June 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/7/07

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INDEPENDENT AUDITORS' REPORT

**Board Members
Ouachita Council of Governments
Monroe, Louisiana**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Ouachita Council of Governments (the Council), Monroe, Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to report on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America and the *Louisiana Governmental Audit Guide* issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our report.

Ouachita Council of Governments has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ouachita Council of Governments as of June 30, 2006 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Council will continue as a going concern. As discussed in Note 9 to the financial statements, the Council has not been able to collect \$58,565 from two local member governments. This

Board Members
Ouachita Council of Governments

failure to collect on these receivables has resulted in the Council not being able to meet its ongoing obligations on a timely basis. This condition raises substantial doubt about the Council's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. If the Council is to continue operations, substantial contributions will have to be made by its regular membership.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2007 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying budgetary comparison schedules as listed in the Table of Contents are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.



(A Professional Accounting Corporation)

January 4, 2007

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

Statement A

OUACHITA COUNCIL OF GOVERNMENTS

STATEMENT OF NET ASSETS

June 30, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 24,783
Receivables	<u>21,286</u>
TOTAL ASSETS	<u>46,069</u>
 LIABILITIES	
Accounts payable	<u>105,511</u>
 NET ASSETS	
Unrestricted (Deficit)	\$ <u><u>(59,442)</u></u>

The notes to the financial statements are an integral part of this statement.

OUACHITA COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2006

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Total
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General and administrative	\$ 45,855	\$ -	\$ 46,976	\$ 1,121
Health and welfare	20,126	-	20,126	-
Public works	186,894	-	186,894	-
Unfunded members contributions	<u>58,565</u>	<u>-</u>	<u>-</u>	<u>(58,565)</u>
Total Governmental Activities	\$ <u>311,440</u>	\$ <u>-</u>	\$ <u>253,996</u>	<u>(57,444)</u>
General revenues:				
Interest earnings				681
Miscellaneous income				<u>1,512</u>
Total general revenues				<u>2,193</u>
Changes in net assets				(55,251)
Net assets (Deficit) - beginning				<u>(4,191)</u>
Net assets (Deficit) - ending				\$ <u>(59,442)</u>

The notes to the financial statements are an integral part of this statement.

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS (FFS)

OUACHITA COUNCIL OF GOVERNMENTS

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2006

	Major Funds			Total
	General	Federal Transit Authority 80X014	Federal Highway Administration 741-37-0113	
ASSETS				
Cash	\$ 24,783	\$ -	\$ -	\$ 24,783
Receivables	-	6,478	14,808	21,286
Interfund receivables	-	7,150	47,741	54,891
TOTAL ASSETS	<u>\$ 24,783</u>	<u>\$ 13,628</u>	<u>\$ 62,549</u>	<u>\$ 100,960</u>
LIABILITIES AND FUND BALANCES				
	\$			
LIABILITIES				
Accounts payable	29,334	\$ 13,628	\$ 62,549	\$ 105,511
Interfund payables	54,891	-	-	54,891
TOTAL LIABILITIES	84,225	13,628	62,549	160,402
FUND BALANCES:				
Unreserved and undesignated (Deficit)	(59,442)	-	-	(59,442)
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 24,783</u>	<u>\$ 13,628</u>	<u>\$ 62,549</u>	<u>\$ 100,960</u>

The notes to the financial statements are an integral part of this statement.

OUACHITA COUNCIL OF GOVERNMENTS

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended June 30, 2006

	Major Funds			
	General	Federal Transit Authority 80X014	Federal Highway Administration 741-37-0113	Total
Intergovernmental revenues:				
Federal sources	\$ -	\$ 26,188	\$ 123,326	\$ 149,514
Local sources	55,051	6,548	30,832	92,431
Other:				
Contributions-in-kind	12,051	-	-	12,051
Interest income	681	-	-	681
Miscellaneous income	1,512	-	-	1,512
Total revenues	<u>69,295</u>	<u>32,736</u>	<u>154,158</u>	<u>256,189</u>
EXPENDITURES				
Current:				
General and administrative	45,855	-	-	45,855
Health and welfare	20,126	-	-	20,126
Public works	-	32,736	154,158	186,894
Unfunded members contributions (Note 3)	58,565	-	-	58,565
Total expenditures	<u>124,546</u>	<u>32,736</u>	<u>154,158</u>	<u>311,440</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(55,251)	-	-	(55,251)
FUND BALANCES (Deficit) - BEGINNING	<u>(4,191)</u>	<u>-</u>	<u>-</u>	<u>(4,191)</u>
FUND BALANCES (Deficit) - ENDING	<u>\$ (59,442)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,442)</u>

The notes to the financial statements are an integral part of this statement.

Ouachita Council of Governments

Notes to the Financial Statements

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**Ouachita Council of Governments
Notes to Financial Statements
For the Year Ended June 30, 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Ouachita Council of Governments have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The Ouachita Council of Governments was created by the Commission Council of the City of Monroe, the Mayor and Board of Aldermen of the City of West Monroe, the Ouachita Parish Police Jury, the Monroe City School Board, and the Ouachita Parish School Board on September 23, 1968, under the authority of Louisiana Revised Statutes 33:1321-1332. On February 26, 1973, the articles of the agreement were amended to provide for two classes of membership on the Council - regular members and associate members. The regular membership consists of: (1) two members from the City of Monroe Commission Council (one of whom may be the Mayor) appointed by the Commission Council; (2) two members from the membership of the Mayor and Board of Aldermen of the City of West Monroe (one of whom may be the Mayor) appointed by the Mayor and Board of Aldermen; and (3) two members from the Ouachita Parish Police Jury (one of whom may be the President) appointed by the Ouachita Parish Police Jury. Any other unit of government situated within Ouachita Parish, or having an operating office in Ouachita Parish, is eligible for associate membership. Regular and associate members serve without benefit of compensation.

In creating the Ouachita Council of Governments, the members included in the articles of the agreement the following functions and purposes of the Council:

1. To carry on a continuing comprehensive planning program that supplements and coordinates but does not duplicate the programs of the member units.
2. To study such area governmental problems common to two or more members of the Council as it deems appropriate, including but not limited to matters affecting health, safety, welfare, education, economic conditions and regional development.
3. To promote cooperative arrangements and coordinate action among its members.
4. To make recommendations for review and action to the members and other public agencies that perform functions within the region.
5. To serve as a clearinghouse, for the benefit of the member governments, of information concerning their common problems and concerning state and federal services available to assist in the solution of these problems.

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Council members are solely accountable for fiscal matters, which include (1) budget authority, (2) responsibility for funding deficits and operating deficiencies, and (3) fiscal management for

Ouachita Council of Governments
Notes to Financial Statements
For the Year Ended June 30, 2006

controlling the collection and disbursement of funds, and because of the scope of public service provided by the Council, the Council is a separate governmental reporting entity. The Council includes all funds, activities, et cetera, that are within the oversight responsibility of the Council. The Council has no *component* units, defined by GASB Statement 14 as other legally separate organizations for which the elected Council members are financially accountable. There are no other primary governments with which the Council has a significant relationship.

B. FUNDS

The accounts of the Council are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The funds of the Council are classified into the governmental category. In turn, this category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds - Governmental funds are used to account for the Council's general government activities, including the collection and disbursement of specific or legally restricted monies. The Council's governmental funds include the following, all of which are major funds:

General fund - the primary operating fund of the Council. It accounts for all financial resources of the Council, except those required to be accounted for in another fund.

Federal Transit Authority - accounts for revenue sources that are legally restricted to expenditures for specified purposes.

Federal Highway Administration - accounts for revenue sources that are legally restricted to expenditures for specified purposes.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS) - The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole.

The Statement of Net Assets and the Statement of Activities was prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

Ouachita Council of Governments
Notes to Financial Statements
For the Year Ended June 30, 2006

Program revenues - Program revenues include operating grants and contributions. Program revenues also reduce the cost of the function to be financed from the Council's general revenues.

Fund Financial Statements (FFS)

Governmental Funds - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Intergovernmental revenues are recognized in the amounts earned, to the extent that they are both measurable and available.

Interest income is recorded when the income is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

D. BUDGETS

The Council follows these procedures in establishing the budgetary data reflected in the combined financial statements: State statute requires budgets be adopted for the general fund and all special revenue funds. Each year, prior to the beginning of the fiscal year, the executive director submits to the Council proposed annual budgets for the general fund and special revenue funds. Public hearings are conducted, prior to the Council's approval, to obtain taxpayer comments. Grant funds are included in special revenue funds and their budgets are adopted after the grant applications are approved by the grantor. The operating budgets include proposed expenditures and the means of financing them.

The Council adopted budgets for the general fund and all special revenue funds. All appropriations (unexpended budget balances) lapse at year end.

Encumbrances are not recognized within the accounting records for budgetary control purposes.

**Ouachita Council of Governments
Notes to Financial Statements
For the Year Ended June 30, 2006**

All governmental funds budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted or as amended by the Council. Legally, the Council must adopt a balanced budget, that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Council to amend its budgets when revenues plus projected revenues within a fund are expected to exceed budgeted expenditures by five percent or more. The Council approves budgets at the function level and management can transfer amounts between line items within a function.

Formal budget integration (within the accounting records) is employed as a management control device. The budget is established and controlled by the Council at the functional level of expenditure and budget amendments are adopted by the Council as necessary.

The following major fund had actual revenues and expenditures over budgeted resources and appropriations over the 5% allowed by law - due to an in-kind contribution and expenditure for the audit cost being paid by North Delta Regional Planning and Development and the council reversing previous years member contributions receivable in the amount of \$58,565:

	<u>Budget</u>	<u>Actual Amount</u>	<u>(Unfavorable) Variance</u>
General fund -			
Resources	\$ 51,597	\$ 65,104	\$ 13,507
General and administrative	\$ 35,662	\$ 45,855	\$ 10,193
Health and welfare	\$ 20,126	\$ 20,126	\$ -
Unfunded members contributions	\$ -	\$ 58,565	\$ (58,565)

E. CASH

Cash includes amounts in interest-bearing demand deposits. Under state law, the Council may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Ouachita Council of Governments
Notes to Financial Statements
For the Year Ended June 30, 2006**

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. ELIMINATION AND RECLASSIFICATIONS

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

NOTE 2 - CASH

Custodial credit risk – deposits - These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 2006, the Council had \$10,919 on deposit with its financial institution all of which was covered by Federal deposit insurance.

NOTE 3 - RECEIVABLES

The receivables at June 30, 2006, are as follows:

<u>Class of Receivable</u>	<u>General</u>	<u>Federal Transit Authority 80X014</u>	<u>Federal Highway Administration 741-37-0113</u>	<u>Allowance for Uncollectible Accounts</u>	<u>Total</u>
Local sources:					
Ouachita Parish Police Jury	\$ 26,600	\$ -	\$ -	\$ (26,600)	\$ -
City of Monroe	31,965	-	-	(31,965)	-
Federal sources	-	6,478	14,808		21,286
Total	<u>\$ 58,565</u>	<u>\$ 6,478</u>	<u>\$ 14,808</u>	<u>\$ (58,565)</u>	<u>\$ 21,286</u>

The Council has not been able to obtain acknowledgements from the Ouachita Parish Police Jury and the City of Monroe that these receivable balances are correct. Therefore, this amount has been written off as unfunded members contributions in the accompanying financial statements.

**Ouachita Council of Governments
Notes to Financial Statements
For the Year Ended June 30, 2006**

NOTE 4 - INTERGOVERNMENTAL ACTIVITIES

The Ouachita Council on Governments receives contributions from its member agencies to pass through to other local agencies in the region. Additionally, Federal program funds are received from the Louisiana Department of Transportation and Development and transferred to other agencies. For the year ended June 30, 2006, the Council distributed the following:

	General	Federal Transit Authority 80X014	Federal Highways Administration 741-37-0113	Total
North Delta Regional Planning & Development District	\$ 33,085	\$ 32,736	\$ 154,158	\$ 219,979
LA Department of Veterans Affairs	12,828	-	-	12,828
Senior Adult Academic Program	2,066	-	-	2,066
Ouachita Council on Aging	1,309	-	-	1,309
Association for Retarded Citizens/Ouachita	1,235	-	-	1,235
Triad	1,010	-	-	1,010
GoCARE	1,000	-	-	1,000
Ouachita Multi-Purpose CAP	492	-	-	492
RSVP of Ouachita Parish	186	-	-	186
Total	<u>\$ 53,211</u>	<u>\$ 32,736</u>	<u>\$ 154,158</u>	<u>\$ 240,105</u>

NOTE 5 - DUAL ROLES OF STAFF

The Executive Secretary of the Council also serves as Executive Director of North Delta Regional Planning and Development District. The Council has contracted with North Delta to provide technical assistance in carrying out Federal and local program activities. For the year ended June 30, 2006, the Council was billed \$219,979 by North Delta which represents 70.6 percent of the Council's expenditures for the year. At June 30, 2006, the Council owed \$95,448 to North Delta. (See Note 9)

NOTE 6 - LITIGATION AND CLAIMS

Litigation - The Ouachita Council of Governments was not involved in any litigation at June 30, 2006, nor is it aware of any unasserted claims.

Grant Disallowance - The Council participates in a number of Federal awards programs. The programs are not subject to compliance audits under the single audit approach. These programs are still subject to financial and compliance audits and resolution of previously identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Council expects such amounts, if any, to be immaterial.

Ouachita Council of Governments
Notes to Financial Statements
For the Year Ended June 30, 2006

NOTE 7 - ECONOMIC DEPENDENCY

The three regular members of the Council, the City of Monroe, the City of West Monroe and the Ouachita Parish Police Jury, fund the local activities of the Council and also fund the 20 percent match for Federal grants. Each governmental unit's percentage is based on the Federal census. For the year ended June 30, 2006, the three governmental units contributed 36% of the Council's total revenues. Federal sources account for 58% of the Council's total revenues.

NOTE 8 - RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Council is self-insured for all losses regarding liability. The Council currently reports all of its risk management activities in the general fund.

NOTE 9 - GOING CONCERN

The Council has eliminated two receivables totaling \$58,565 from its financial statements in this fiscal year due to these receivables being more than a year old and the two local agencies owing the money have not given a positive indication that they will pay. This adjustment results in liabilities exceeding assets by \$59,442, an increase of \$55,251 from the beginning deficit of net assets of \$4,191. Included in the \$59,442 deficit at June 30, 2006, is \$95,448 due to North Delta which represents approximately six months of North Delta billings.

REQUIRED SUPPLEMENTAL INFORMATION

OUACHITA COUNCIL OF GOVERNMENTS

GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Positive</u> <u>(Negative)</u>
BUDGETARY FUND BALANCES (Deficit),				
BEGINNING	\$ (4,191)	\$ (4,191)	\$ (4,191)	-
Resources (inflows):				
Intergovernmental revenues:				
Local sources	54,788	54,788	55,051	263
Other revenues:				
Contributions-in-kind	-	-	12,051	12,051
Interest earnings	-	-	681	681
Miscellaneous income			1,512	1,512
Ambulance licenses and permits	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Amounts available for appropriations	<u>51,597</u>	<u>51,597</u>	<u>65,104</u>	<u>13,507</u>
Charges to appropriations (outflows):				
Current:				
General and administrative	35,662	35,662	45,855	(10,193)
Health and welfare	20,126	20,126	20,126	-
Unfunded members contribution	<u>-</u>	<u>-</u>	<u>58,565</u>	<u>(58,565)</u>
Total charges to appropriations	<u>55,788</u>	<u>55,788</u>	<u>124,546</u>	<u>(68,758)</u>
BUDGETARY FUND BALANCES (Deficit),				
ENDING	<u>\$ (4,191)</u>	<u>\$ (4,191)</u>	<u>\$ (59,442)</u>	<u>\$ (55,251)</u>

OUACHITA COUNCIL OF GOVERNMENTS

FEDERAL TRANSIT AUTHORITY 80X014

Budgetary Comparison Schedule

For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive</u>
				<u>(Negative)</u>
BUDGETARY FUND BALANCES, BEGINNING \$	- \$	- \$	- \$	-
Resources (inflows)				
Intergovernmental revenues:				
Federal sources	26,189	26,189	26,188	(1)
Local sources	<u>6,547</u>	<u>6,547</u>	<u>6,548</u>	<u>1</u>
Amounts available for appropriations	<u>32,736</u>	<u>32,736</u>	<u>32,736</u>	<u>-</u>
Charges to appropriations (outflows)				
Current:				
Public works	<u>32,736</u>	<u>32,736</u>	<u>32,736</u>	<u>-</u>
Total charges to appropriations	<u>32,736</u>	<u>32,736</u>	<u>32,736</u>	<u>-</u>
BUDGETARY FUND BALANCES, ENDING	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

OUACHITA COUNCIL OF GOVERNMENTS

FEDERAL HIGHWAY ADMINISTRATION 741-37-0113

Budgetary Comparison Schedule

For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
			<u>(Budgetary Basis)</u>	<u>Positive</u>
				<u>(Negative)</u>
BUDGETARY FUND BALANCES, BEGINNING \$	- \$	- \$	- \$	-
Resources (inflows)				
Intergovernmental revenues:				
Federal sources	126,060	126,060	123,326	(2,734)
Local sources	<u>31,515</u>	<u>31,515</u>	<u>30,832</u>	<u>(683)</u>
Amounts available for appropriations	<u>157,575</u>	<u>157,575</u>	<u>154,158</u>	<u>(3,417)</u>
Charges to appropriations (outflows)				
Current:				
Public works	<u>157,575</u>	<u>157,575</u>	<u>154,158</u>	<u>(3,417)</u>
Total charges to appropriations	<u>157,575</u>	<u>157,575</u>	<u>154,158</u>	<u>(3,417)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

**Board Members
Ouachita Council of Governments
Monroe, Louisiana**

We have audited the financial statements of the governmental activities and each major fund of Ouachita Council of Governments (the Council) as of and for the year ended June 30, 2006, which collectively comprise the Council's basic financial statements and have issued our report thereon dated January 4, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Internal Control over Financing Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial

**Board Members
Ouachita Council of Governments**

statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 06-01.

This report is intended for the information of management of the Council, Federal awarding agencies and pass-through entities, other entities granting funds to the Council, and the Legislative Auditor for the State of Louisiana and is not intended to be used and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.



(A Professional Accounting Corporation)

January 4, 2007

**Ouachita Council of Governments
Schedule of Findings
For the Year Ended June 30, 2006**

06-01 Current Period Local Revenues Used to Satisfy Prior Year Obligations

Finding

Since the Council is operating in a deficit position, it continues to operate on a budget where cash inflows for the current period are used to satisfy prior period obligations of the Council.

Recommendation

We recommend that the Council's member governments meet and come to an agreement as to the funding of the Council to cover the \$59,442 deficit and any additional funding needed to ensure the financial stability of the Council.

Response

The Executive Secretary will consult with the member organizations to determine the future plans for the funding of the Council.

**Ouachita Council of Governments
Status of Prior Year Findings
For the Year Ended June 30, 2006**

The following is a summary of the status of the prior year findings included in the Luffey, Huffman, & Monroe, CPA's audit report dated January 13, 2006, covering the examination of the financial statements of the Ouachita Council of Governments as of and for the year ended June 30, 2005.

05-01 Inadequate Segregation of Duties

Status

The Council has implemented additional controls to provide for separation of duties where possible. These procedures do include independent verification of deposits and disbursements and reconciliation.

5-02 Insufficient Monitoring of the Budget, Accounts Receivable and Accounts Payable

Status

Even though the Council maintains its general ledger on a cash basis of accounting, it is knowledgeable as to the amounts due to and due from other agencies.

5-03 Financial Statements were not audited or submitted timely to the proper agencies

Status

No longer applicable